

APR 13 1981

Gentlemen:

We have considered your application for exemption from Federal income tax as an organization described in section 501(c)(7) of the Internal Revenue Code of 1954.

The information submitted in support of your application discloses that you were incorporated on [REDACTED] under [REDACTED] of the [REDACTED] Nonprofit Corporation Act. As taken from your Articles of Incorporation, the purpose of your organization is to promote the interest of the public in the preservation and restoration of antique autos, particularly the [REDACTED], their accessories, lore and literature.

Your activities, to date, have consisted of two small, local one day tours, monthly meetings, an annual Christmas supper, and an annual swap meet. Your swap meet is one of the primary activities of your organization. It is advertised and solicitation of the public is undertaken to encourage public participation. Furthermore, as has been noted in supplemental material submitted by your organization, approximately [REDACTED] percent of your swap meet, admission income is paid by those who are not members of your organization.

Section 501(c)(7) of the Code provides for exemption from Federal income tax of clubs organized and operated substantially for pleasure, recreation and other non-profitable purposes provided no part of the net earnings inures to the benefit of any private shareholder.

Exemption under (IRC) 501(c)(7) extends to social and recreational clubs which are supported primarily by membership fees, dues, and assessments. Solicitation of public patronage of facilities or activities which results in non-member income, is prima facie evidence that a club is engaged in business and is not being operated substantially for pleasure, recreational, or social purposes.

NAME	REVIEWER	REVIEWER	REVIEWER	REVIEWER	REVIEWER	REVIEWER
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]			
DATE	4/3/81	4/6/81	4/8/81	4/13/81		

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Public Law 94-568 has amended section 501(c)(7) of the Code by providing that 35 percent of a club's gross receipts is permitted to be received from a combination of investment income and receipts from non-members so long as the latter does not represent more than 15 percent of total receipts.

Inasmuch as it is apparent that more than 15 percent of your gross receipts have been and will be generated by non-member participation in your activities, and your organization will be soliciting by advertisement and permitting public participation at your functions, it is our determination that you do not meet the provisions of section 501(c)(7) and P.L. 94-568 and, consequently, do not qualify for exempt status as an organization described in section 501(c)(7) of the Internal Revenue Code.

You are required to file Form 1120.

If you do not agree with these conclusions, you may request Appeals office consideration. To do this, you must submit to the District Director within 30 days from the date of this letter, a statement of facts, law, and arguments, in duplicate, which will clearly set forth your position. You also must state whether you wish an Appeals Office conference. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met.

If we do not hear from you within the time specified, this communication will become our determination in the matter.

Very truly yours,

District Director

Enclosure:
Publication 892

DATE	INITIATOR	REVIEWER	REVIEWER	REVIEWER	REVIEWER	REVIEWER	REVIEWER
DATE	4/3/8						